

Ethics, Culture and Governance

Course outline

Acknowledgements

Written and designed by:

David Burfoot, Governance Integrity Specialist

Revised by:

Dr Lianne Cretney-Barnes, Principal, Board Connexions

Copyright

Copyright strictly reserved. No part of these course materials covered by copyright should be reproduced or copied in any form or by any means without the written permission of Governance Institute of Australia.

© Governance Institute of Australia Ltd 2023

Course Outline

People are becoming more educated about the significant economic and social costs of ethics in business, not just to individual organisations but to society in general.

Globally, the rise of terrorism in developed countries, Climate Change, and high profile corporate scandals have played their part. In Australia, the misconduct of organisations (for-profit and not-for-profits) revealed by a number of Royal Commissions, such as those related to Aboriginal deaths in custody, our institutional responses to child sexual abuse, the banking and finance sector and aged care, have done much to reduce trust in domestic institutions.

What did we trust? We trusted that our governance standards and regulatory frameworks would ensure organisations, and the people that represent them, not only act lawfully but in line with the community's moral and ethical values. Regulators established compliance frameworks that reflected governance good practice. Organisations did the same internally, relying on their managers' ability to nurture compliant staff.

Recent events however, have shown this trust not to have been well placed and our governance paradigms are now being questioned as a result. Nobel Prize Laureate Milton Friedman's claim, for example, that the main interests of companies should be those of the shareholders' (in particular lawful company profits) is now being comprehensively challenged even by today's top business leaders and investment groups.

As ever there is no shortage of those wanting to lecture others about ethics and how to be more ethical. Governance professionals want to learn the lessons of our times but also do not want to be hijacked by pseudo sciences ignorant of what is still crucial to organisational success. So what does it *practically* mean to balance the different responsibilities within a successful ethical organisation? How do you sensibly synergise the philosophy of ethics with conventional assurance, compliance, anti-corruption and whistleblower knowledge and good practice? What organisational tools and skills are needed? How do you argue the case to the sceptical? These questions lie at the heart of this course.

The aim of this course is to operationalise the ASX Corporate Governance Principle 3, *Instil a culture of acting lawfully, ethically and responsibly*, consistently with compliance obligations.

The key objectives are to:

- define ethics and its role in governance
- evaluate your organisation's ethical culture
- articulate the ethical culture your organisation seeks to achieve and understand how to reveal its true value to stakeholders

plan practical steps using tools and techniques for developing and instilling an ethical corporate culture.

Course content

1 Introduction

- 1.1 Background to this course
- 1.2 What is the aim of this course?

2 Alignment to ASX principle 3

- 2.1 Reflecting the true worth of your organisation

3 The role of ethics in governance

- 3.1 The importance of ethics in decision-making
- 3.2 Ethics, not just a 'nice to have'
- 3.3 Defining integrity, ethics, morality, and the law
- 3.4 Ethical leadership
- 3.5 Ethical decision making – Using theory
- 3.6 Neuroscience – Cognitive biases and their role in decision making
- 3.7 Instilling an ethical culture, the role of the ethics framework
- 3.8 Ethical decision making – Models

4 Values-driven leadership - Giving voice to values

- 4.1 A to-do list for learning how to act on your values effectively
- 4.2 Special tips for directors and boards
- 4.3 Principle 3 alignment check

5 Codes of conduct – Codes of ethics

- 5.1 A code of conduct vs a code of ethics
- 5.2 The Strategic Corporal
- 5.3 Black Swans – The unknown unknowns
- 5.4 Values/Ethics Champions
- 5.5 Principle 3 alignment check

6 Whistleblowing

- 6.1 The best source of information
- 6.2 Speaking up and performance
- 6.3 Principle 3 alignment check

7 Anti-corruption – Global and local

- 7.1 Corruption and/of ethics
- 7.2 Types of corruption
- 7.3 Effects of corruption – a worldwide problem

- 7.4 Role of accountability mechanisms, institutional and societal
- 7.5 International instruments
- 7.6 Regional
- 7.7 Regulation – national - key anti-bribery laws – US, UK and Australia
- 7.8 State Regulators
- 7.9 Principle 3 alignment check

8 Conclusion

9 Resources

10 Addendum

11 Appendix

12 Reading

13 References – End notes